

Payment Institutions (PIs) in Malta

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Through Maltese payment service providers (PSPs) also known as payment institutions (PIs), global services are provided to companies and merchants. Similar to other financial institutions, PIs are not allowed to receive deposits or other repayable funds from the public and must use privately invested funds to provide their payment services.

Advantages of Payment Institutions in Malta

There are numerous advantages, including:

- Beneficial tax treatment;
- Access to a wide tax treaty network;
- Malta is an EU member state with access to the various EU Directives;
- Passporting rights;
- English speaking workforce;
- Advanced telecoms infrastructure;
- Specialist professionals such as accountants, auditors, lawyers and tax advisors;
- Attractive tax rates for highly qualified employees working with such institutions.

Key Features of Payment Institutions

The domestic payment services regulatory framework is based on:

- Financial Institutions Act;
- Financial Institutions Rules.

Permitted activities for Payment Institutions include:

- Services enabling cash to be placed on or withdrawn from a payment account or the execution of payment;
- Transactions by direct debits, through a payment card or a credit transfer;
- The issuing and/or acquiring of payment instruments;
- Money remittance;
- The execution of payment transactions where the consent of the payer to make a payment transaction is given through digital or any other form of IT communication.

Licensing Requirements

The following must be maintained in order to obtain a licence:

- Minimum initial capital varies according to the type of payment services that are being provided. The range of initial capital is from 20,000 to 125,000 Euros;
- There will have to be minimum of two individual that will direct the business from Malta;
- A copy of the Memorandum and Articles of the institution or the deed of partnership;
- Details of the person that will be directing the business from Malta;
- Audited financial statements of the last 3 years, and the identity of statutory auditors and audit firms;

- A business plan containing the structure, organisation and management system of the institution, and a forecast budget calculation (financial projections) for the first 3 financial years of operation as a payment institution which demonstrates that the applicant is able to employ the appropriate and proportionate systems, resources and procedures to operate soundly;
- Identity of all directors, controllers and managers of the institution; and,
- Identity of all shareholders with qualifying shareholding of partners.

Regulatory Fees

Prescribed statutory costs are listed as follows:

- A one-time licence application fee, amounting to €3,500, is payable to the MESA on submission of the licence application and is not refundable — irrespective of whether the licence is eventually granted or not;
- A licence holder is also required to pay an annual supervision fee equivalent to 0.0002 of the total assets as reported by the licence holder in the statutory schedules under applicable Financial Institutions Rules and pertaining to the year immediately before the year when the fee is payable. In any case, such supervision fee may not be less than €2,500.

For more information on how Zeta can assist you please contact our Business Development department on bd@zeta-financial.com.

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